Total employment in the region reached close to seven million in 2001

THE ECONOMY

Employment

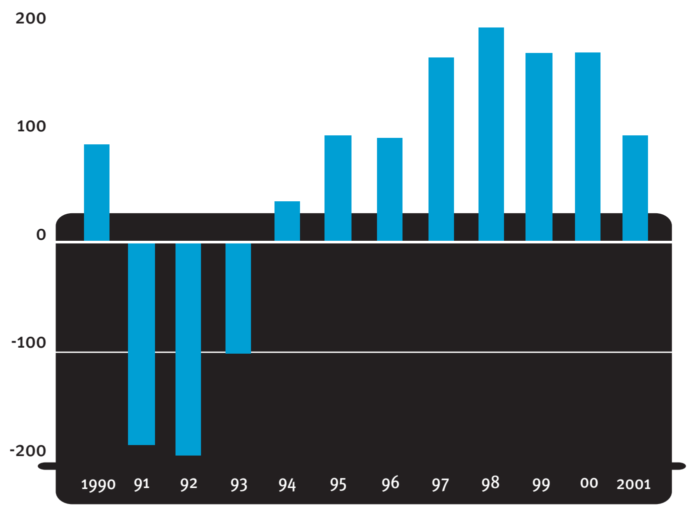
Why is this important?

■ ■ The number and types of employment, in large part, determine a region's economic activities and well-being. For example, income generated through employment accounts for about 75 percent of the total personal income in the region.[1] ■ ■

Figure 11

Wage and Salary Employment

Change from Previous Year (000)



Source: California Employment Development Department with 2001 prelimary data

How are we doing?

While every county in the region managed to increase its total employment in 2001, the job growth slowed down from the previous year (Figures 11 and 12). There were approximately 100,000 more wage and salary jobs in 2001 than in 2000. *The modest employment increase throughout the region was actually quite impressive during a recession year when national employment fell more than 760,000 in 2001.[2] This is also in sharp contrast to the last recession when the region suffered employment loss in three consecutive years (1991 to 1993), while the national recession lasted only one year.*

Figure 12

Wage and Salary Employment

(000)

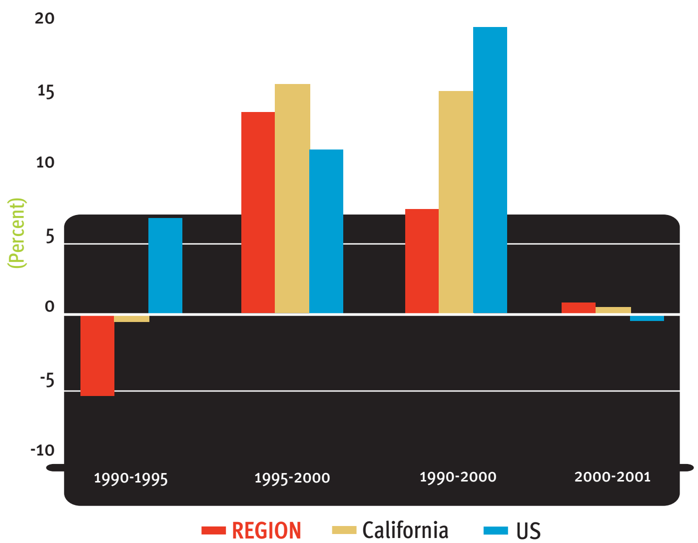
County	1990	2000	2001	1990-2000 Number	1990-2000 Percent	2000-2001 Number	2000-2001 Percent
Imperial	44.9	50.4	51.6	5.5	12	1.2	2.4
Los Angeles	4,147.1	4,079.8	4,102.1	-67.3	-2	22.3	0.5
Orange	1,178.9	1,396.5	1,425.4	217.6	18	28.9	2.1
Riverside/San Bernardino	735.2	1,010.1	1,049.1	274.9	37	39.0	3.9
Ventura	247.1	294.4	302.5	47.3	19	8.1	2.8
REGION	6,353.2	6,831.2	6,930.7	478.0	8	99.5	1.5
California	12,863.4	14,896.6	15,084.6	2,033.2	16	188.0	1.3

Source: California Employment Development Department

Total employment in the region reached close to seven million in 2001 (Figure 12). The increase in 2001 was significantly smaller compared with the region's annual increases in the previous four years (Figure 11). Except for Imperial County, the counties in the region grew at a slower rate than in the 1999-2000 period (see Figure 12a page 94). Factors contributing to a slower employment growth in 2001 included, among others, a sharp slowing of the U.S. economy, a continuing declining of the region's non-durable manufacturing sector, lower consumer confidence and a sharp decline in travel and tourism expenditures worsened by the September 11 terrorist attack.[3]

Figure 13

Employment Change in the SCAG Region



Source: California Employment Development Department, US Bureau of Labor Statistics

Between 1990 and 1993, the region suffered a net loss of almost half a million jobs. The driving force for this decline began in 1988 with the massive defense spending cut after the end of the Cold War in 1988, which was followed by the most severe recession since the Great Depression of the 1930s. During the second half of the decade, the region's total employment grew at 14 percent, even a little faster than the nation. *However, the region's total employment growth between 1990 and 2000 was only 8 percent, or only half of the state's 16 percent growth rate and well below the nation's 20 percent growth rate* (Figure 13).

Within the region, there were also significant variations among the counties for employment growth. In Los Angeles County, because of the tremendous loss of about 400,000 jobs from 1990 to 1995, despite the significant growth since 1995, the 2000 total employment for the County was still 67,000 jobs lower than its 1990 level (see Figure 13a page 96). In sharp contrast, the Inland Empire experienced a phenomenal employment growth rate of about 37 percent with 275,000 net new jobs, followed by Ventura (19 percent or 47,000 net new jobs) and Orange Counties (18 percent or 220,000 net new jobs). It is important to note that the Inland Empire Counties grew throughout the recession and have not experienced any single-year employment loss since 1990 (see Figure 12a page 94).

Sectors

Why is this important?

Different economic sectors have different levels of wages as well as future growth potential in employment and income. Compositions of occupation also vary among the different economic sectors. A more diversified regional economy will be less vulnerable to turbulent environments, such as recessions or disasters.

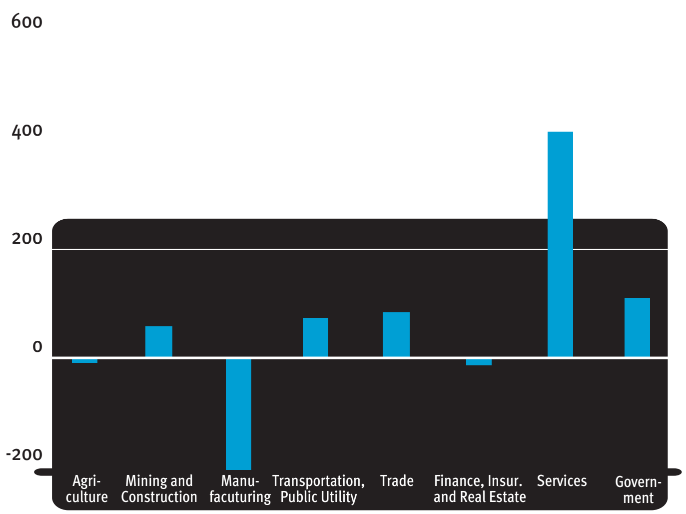
How are we doing?

Since 1990, the region has added almost 450,000 service sector jobs while losing about 200,000 manufacturing jobs (Figure 14). During the same period, four other sectors have added jobs to the region. The government sector increased by approximately 140,000 jobs, followed by the trade sector with 90,000 additional jobs, transportation and public utilities with 70,000 new jobs, and construction and mining with 50,000 more jobs. In addition to the manufacturing sector, the agricultural and finance, insurance and real estate (FIRE) sectors also experienced a minor decline, losing about 4,500 and 20,000 jobs respectively.

Figure 14

Employment Change by Sector

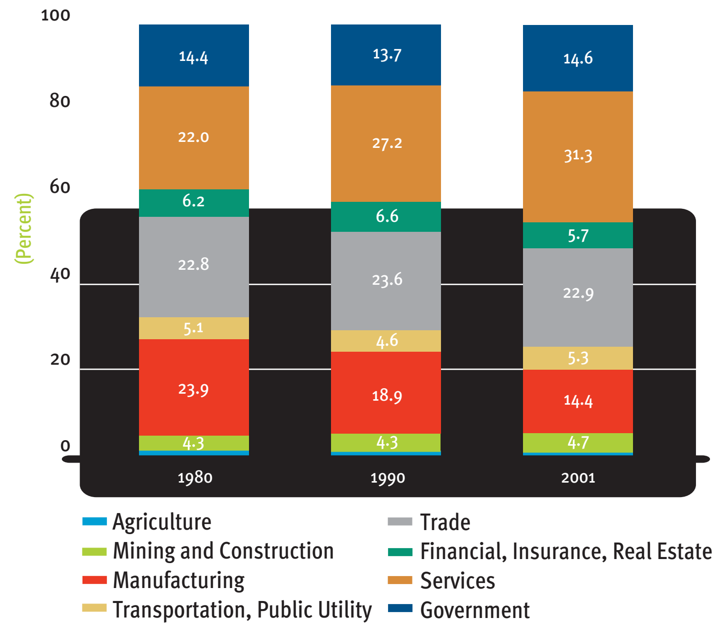
1990-2001 (000)



Source: California Employment Development Department

Figure 15

Employment by Sector

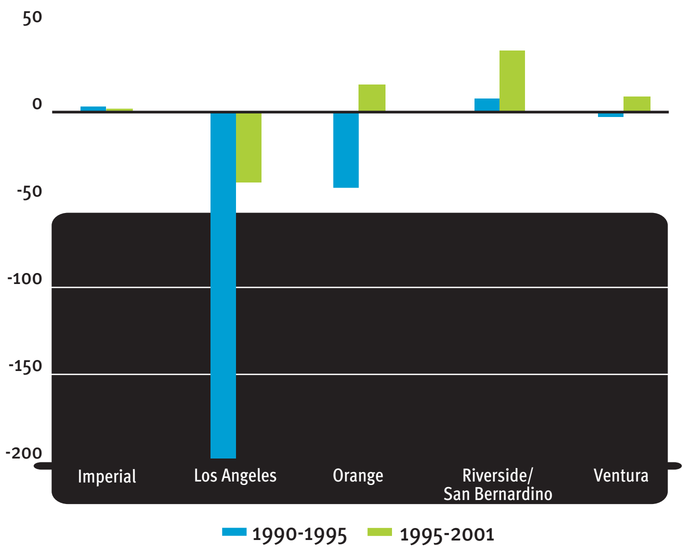


Source: California Employment Development Department

During the past two decades, the region's employment experienced significant changes, particularly in the service and manufacturing sectors. In 1980, the manufacturing sector had the highest employment share among all sectors, about 24 percent, and the service sector had about 22 percent of the employment share (Figure 15). However, by 2001, the share of service employment increased to about 31 percent while the manufacturing share fell sharply to about 14 percent.

The manufacturing sector consists of durable goods and non-durable goods subsectors. *The net loss of about 200,000 manufacturing jobs in the region since 1990 occurred predominantly in Los Angeles County for durable goods* (Figure 16). Furthermore, the majority of the 200,000 manufacturing jobs lost in Los Angeles County were defense or aerospace related, including more than 70,000 in the aircraft/spacecraft/missiles category, 40,000 in instruments, and another 30,000 in electronic equipment and industrial machinery.[4] Since 1990, Orange County has experienced a net loss of 19,000 manufacturing jobs (23,000 for durable goods), while Riverside and San Bernardino Counties gained about 39,000 manufacturing jobs (25,000 for durable goods). From 1995 to 2001, only Los Angeles County still experienced some decrease while all the other five counties gained manufacturing jobs.

Figure 16
Manufacturing Employment Change by County
(000)



Source: California Employment Development Department

The significant decline in defense and aerospace manufacturing related employment during the 1990s was more than offset by dramatic growth in service-oriented employment. During this decade, the region's employment increased about 210,000 in business services, 150,000 in direct international trade services, and 60,000 each in health services and motion pictures/television production. Within the manufacturing sector, a significant increase of immigrant workers contributed to an almost 20,000 increase of apparel and textile employment during the 1990s, contrary to the declining trend at the national level.[5] Those expanding industries in Southern California together grew by more than 500,000 jobs during the 1990s. In addition, the majority of these jobs were created by small and medium-size companies. *By the end of the 1990s, the region's economic base was much more diversified than it was at the beginning. This economic diversification also contributed to the renewed resilience of the region's economy as it continued growing through the 2001 national recession.*

Unemployment Rate

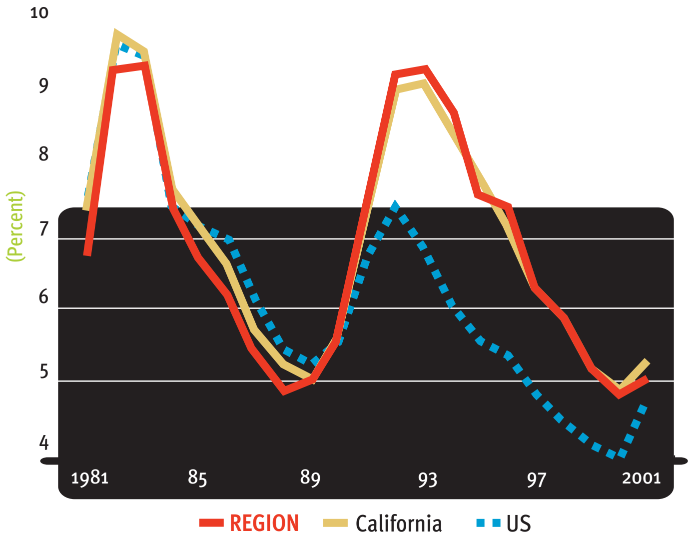
Why is this important?

Unemployment significantly impacts the economic and social well-being of individuals and families. People with higher unemployment rates will naturally have higher poverty rates. Places with higher unemployment rates would require higher levels of public assistance.

How are we doing?

Throughout most of the 1990s, the region's unemployment rates have been significantly higher than the national average. This is a reversal of the trend in the 1980s during which the region stayed consistently just below the national average (Figure 17). Since the 1990-93 recession, the gaps of unemployment rates between the region and the nation have been gradually reducing.

Figure 17
Unemployment Rate

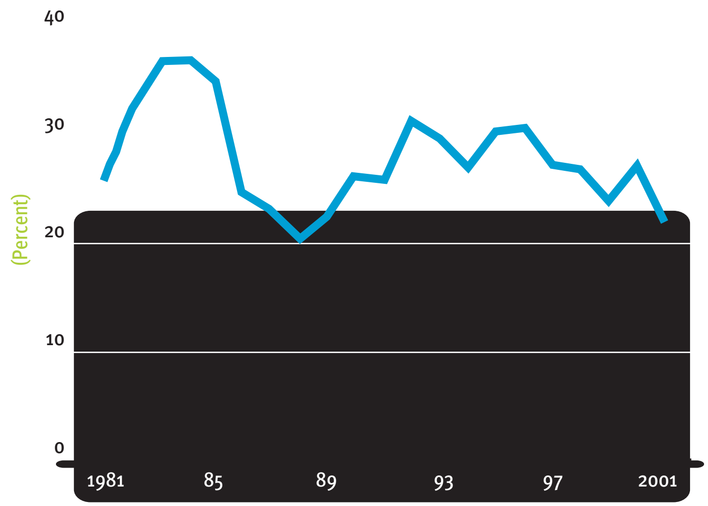


Source: California Employment Development Department

The region's unemployment rate increased only slightly in 2001 from 4.9 to 5.1 percent, a small increase compared to the nation and the state. Nationally, the unemployment rate rose from 4 to 4.8 percent while California's rate increased from 4.9 to 5.3 percent. *Hence, the 2001 recession had less impact on the unemployment rate in the region than the state or the nation.* One reason is that the region's employment base was more diversified in 2001 than in 1990. In addition, the declining sector slowing national growth was business investment, particularly information technology equipment and software, which is more concentrated in northern California.[6]

Unemployment rates vary significantly among different racial, ethnic and age groups. Recessions also tend to have a greater impact on minorities than on the White population. *African American and Hispanic populations have consistently had much higher unemployment rates than the Non-Hispanic White and Asian populations.* In 2001, the statewide unemployment rate was 8.8 percent for blacks and 7.2 percent for Hispanics, both significantly higher than the 5.3 percent for Asians and 4.2 percent for Non-Hispanic Whites.[7] Youths aged 16 to 19 experienced a 16.4 percent unemployment rate in 2001.[8]

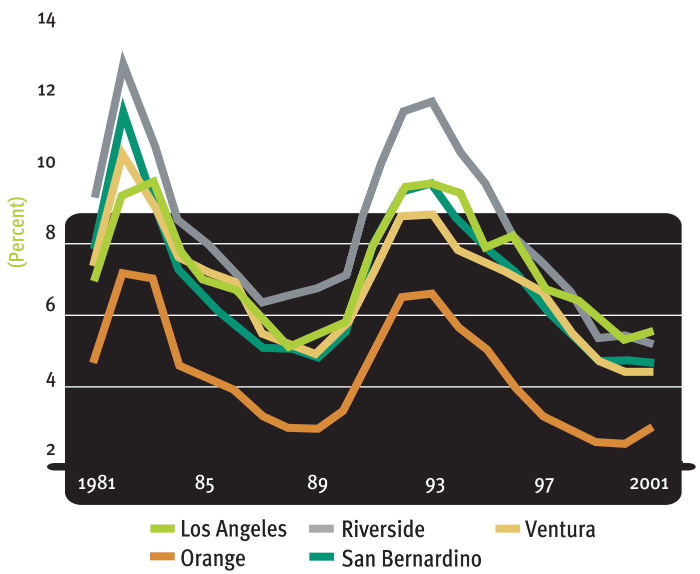
Figure 18
Unemployment Rate – Imperial County



Source: California Employment Development Department

Figure 19

Unemployment Rate by County



Source: California Employment Development Department

Among the six counties in the region, Imperial County continued to have an unemployment rate higher than 20 percent in 2001 (Figure 18). Only Los Angeles and Orange Counties experienced increases in unemployment rates in 2001 (Figure 19). For the past two decades, Orange County has consistently maintained the lowest unemployment rate in the region. Los Angeles, San Bernardino and Ventura Counties maintained similar unemployment rates among themselves throughout the 1980s and 1990s. (See Map 4 page 31 on unemployed persons in 2000.)

Income

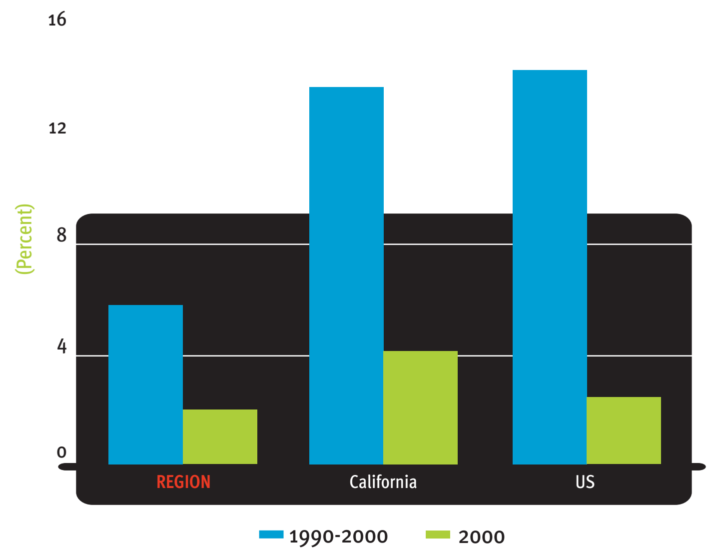
Why is this important?

Per capita income is one of the most important indicators of economic well-being. An increase in per capita income is generally associated with improving social and economic indicators such as reduced poverty and an increase in educational attainment. A higher income level not only provides more resources for current consumption but also enhances future opportunities. An area's income level also provides an indication of its ability to provide services to its population.

Figure 20

Growth of Personal Income Per Capita

1990-2000



Source: US Bureau of Economic Analysis

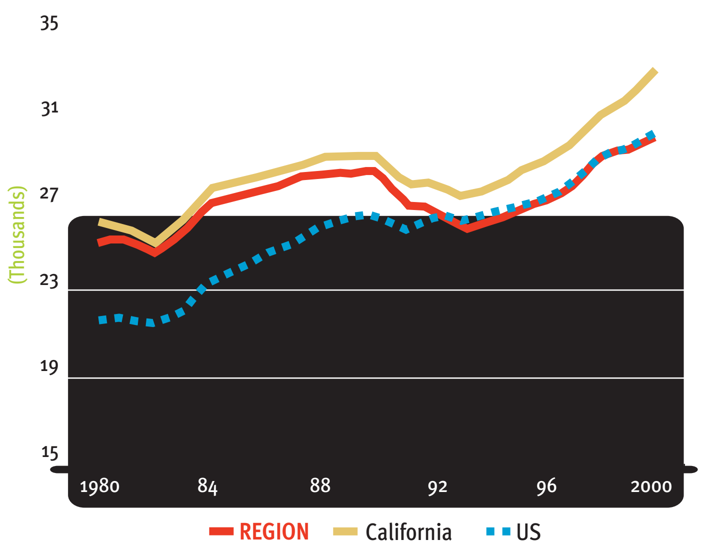
How are we doing?

In 2000, the region's per capita income increased by only about 2 percent from the previous year to $29,325 while the state's per capita income increased to $32,149, a growth of 4 percent (Figures 20 and 21).

For the past 20 years, the region has been lagging behind both the state and the nation in growth of per capita income. For example, in 1980, the region's per capita income was about $3,400 higher than the national average. However, since 1993, the region's per capita income has fallen just below the national average (Figure 21). *Also since 1990, the gap between the region and the state in per capita income has been gradually widening. During the 1990s, income grew at about 6 percent in the region, well below the approximately 14 percent for the state and the nation.* The substitution of lower-wage service jobs for higher-wage manufacturing jobs lost led the region's overall wage level less competitive compared to the rest of the state (see Figure 22).

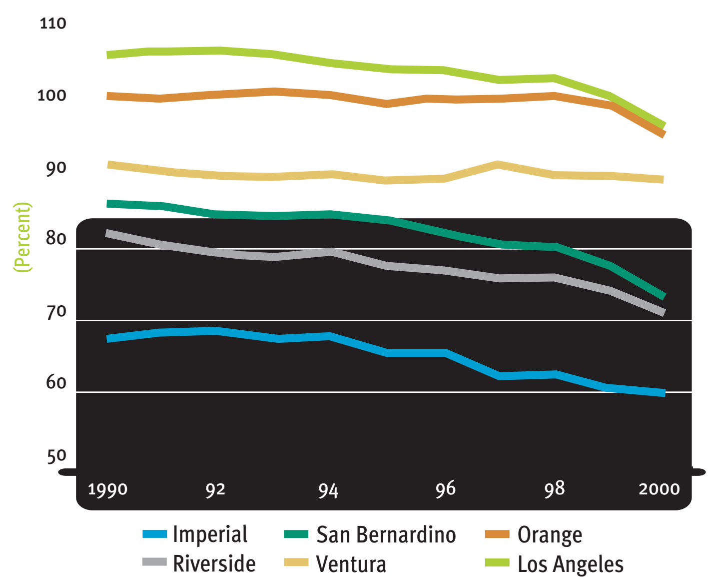
Within the region, Orange and Ventura Counties continued to have higher per capita incomes than the rest of the region (Figure 23). Between 1990 and 2000, Orange and Ventura Counties and, to a less extent, Los Angeles County achieved a significant increase in their per capita income. Riverside and San Bernardino Counties achieved little gains in the decade, while Imperial County suffered a loss between 1990 and 2000. In 2000, Orange County was the only county in the region that had a higher per capita income than the state average. *It is also important to note that disparities in per capita income among the six counties have been growing since 1980.*

Figure 21
Real Personal Income Per Capita
(2000 Dollars)



Source: US Bureau of Economic Analysis

Figure 22
Average Payroll Per Job
California = 100%

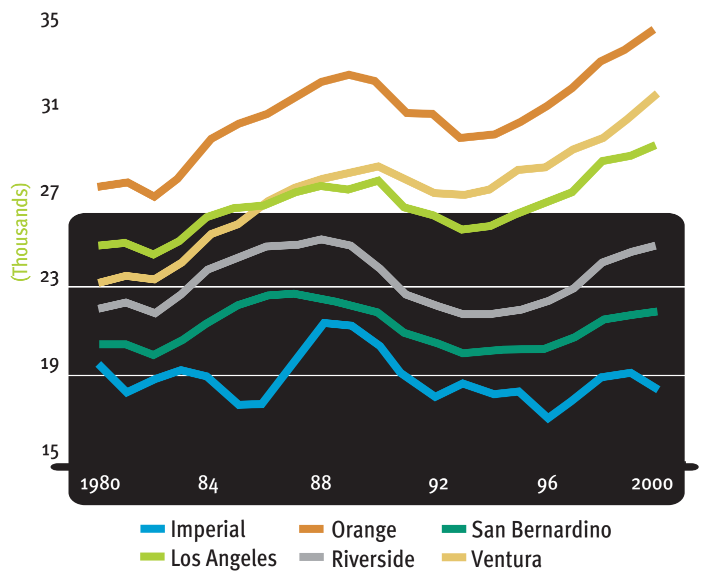


Source: US Bureau of Economic Analysis

Figure 23

Real Personal Income Per Capita by County

(2000 Dollars)



Source: US Bureau of Economic Analysis

Figure 24

Per Capita Personal Income Ranking Among The 17 Largest Metropolitan Regions in US

	SCAG Region
1970	4th Place
1980	5th Place
1990	7th Place
1995	16th Place
2000	16th Place

Source: U.S. Bureau of Economic Analysis

Figure 25

Per Capita Personal Income Ranking Among 58 California Counties

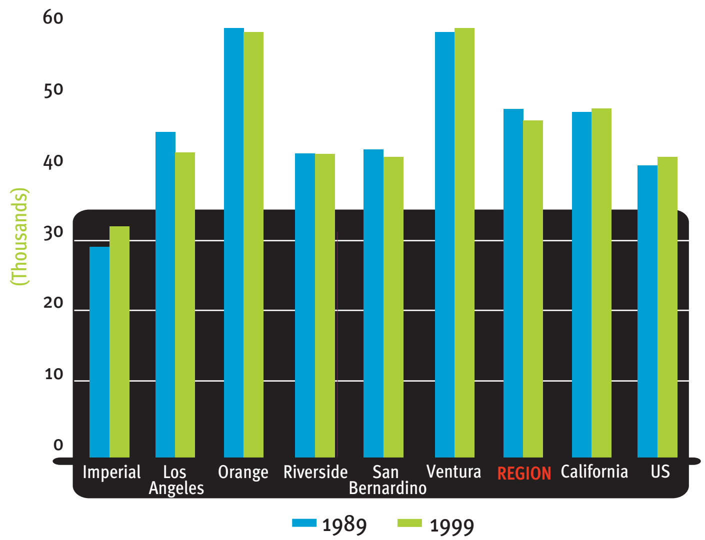
County	1980	1990	1995	2000
Imperial	46	45	51	55
Los Angeles	11	13	17	17
Orange	7	6	7	11
Riverside	28	22	28	28
San Bernardino	38	30	40	43
Ventura	19	12	11	15

Source: US Bureau of Economic Analysis

During the 1990s, Southern California lost ground in per capita income relative to other regions. When comparing per capita income among the 17 largest metropolitan regions in the nation, the region dropped from the fourth highest in 1970 to 16th in 2000 (Figure 24). Among the nine largest metropolitan regions in the nation, the SCAG Region had the lowest per capita income in 2000 (see Figure 73 page 77). Each of the six counties also ranked lower in per capita income among the 58 counties in California in 2000 compared to 1990 (Figure 25). Statewide and national comparisons indicated that the region lost most ground during the first half of the 1990s and was not able to recover during the latter half of the decade.

Median household income declined by more than $1,600 during the last decade, contrary to the improving trends in the state and the nation (Figure 26). Declining median wage, partly due to the disproportionate increase of less educated immigrant workers, contributed to the declining median household income. Within the region, Los Angeles County suffered the largest decline of more than $3,000 in median household income while Imperial County experienced an increase of $2,800.

Figure 26
Median Household Income
(1999 Dollars)



Source: 1990 and 2000 Census

Poverty

Why is this important?

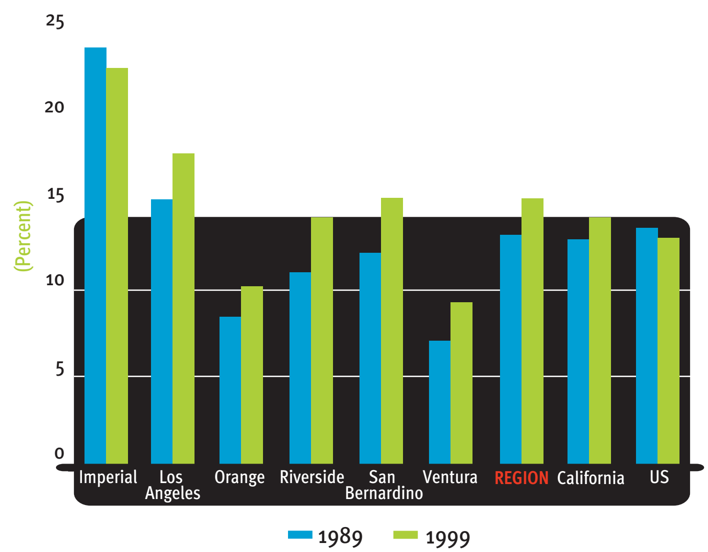
The poverty rate measures the proportion of a population that has an income below the poverty line and therefore lacks the economic resources needed to support a minimum acceptable standard of living.[9] The poverty line is adjusted for family size. Poverty not only results in current economic hardship, but also limits individual's and family's future development opportunities. A higher poverty rate is both a cause, as well as an outcome, of lower educational attainment and higher unemployment rates. The extent of poverty also reflects the need for various kinds of public assistance.

Poverty among children is of particular concern. Poverty in childhood is associated with higher risks for dropping out of school, poor health, teenage pregnancy and long-term economic disadvantage as adults.[10]

How are we doing?

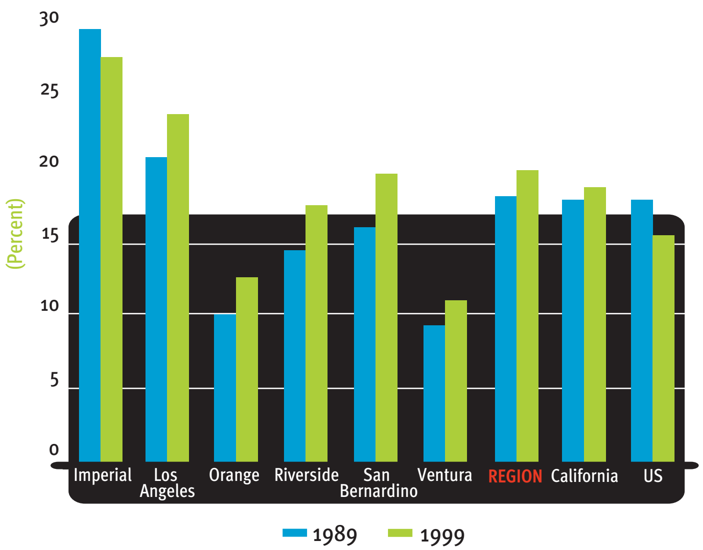
In 1999, over 2.5 million persons were in poverty in the region, an increase of about 650,000 from 1989 (see Figure 27a page 95). A total of over 940,000 children under 18 in the region were in poverty in 1999, an increase of about a quarter million in ten years. *Both the poverty populations of persons of all ages and children under 18 grew significantly faster (about 35 percent for both) than that of the total population (13 percent) from 1989 to 1999.*

Figure 27
Persons in Poverty



Source: 1990 and 2000 Census

Figure 28
Children (under 18) in Poverty



Source: 1990 and 2000 Census

Between 1989 and 1999, the percentages of persons of all ages and children under 18 living in poverty increased in every county in the region (except Imperial County, although Imperial County still had the highest poverty rate) (Figures 27 and 28). *In 1999, close to one in six persons of all ages and one in five children under 18 in Southern California were in poverty, higher than the state and the nation. During the 1990s, poverty rates for both measures increased significantly in the region while decreasing at the national level.* (See Map 5 page 32 on persons in poverty in 1999.)

Imperial and Los Angeles Counties had the highest rate of poverty for both measures within the region, while Ventura and Orange counties had the lowest. For children under 18 in poverty, Riverside and San Bernardino Counties had the largest percentage increase, 63 percent and 51 percent respectively, over the ten-year period.

Among the nine largest metropolitan regions in the nation, the region had the highest poverty rate among persons of all ages as well as children under 18 (see Figures 74 and 75 pages 77 and 78). Unlike Southern California, many of the largest metropolitan regions made improvements in reducing poverty rates during the 1990s, particularly for children under 18.

There is a significant disparity in poverty rates among different racial/ethnic populations. Specifically, statewide data consistently show much higher poverty rates among Hispanics and African Americans than among Asians and Whites during the 1990s.[11] The higher poverty rates of African Americans and Hispanics are in part due to a lower level of educational attainment, lower wages and higher unemployment rates.

Taxable Sales

Why is this important?

■ ■ Taxable sales provide important revenue sources for state and local governments and special districts. While employment and income are measures on the production side, taxable sales measure the level of consumption activities. Taxable sales tend to follow closely trends in personal income as well as consumer confidence. ■ ■

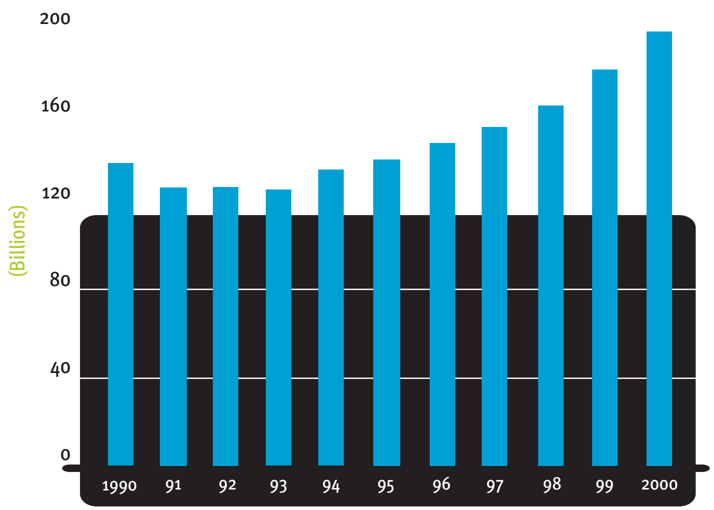
How are we doing?

In 2000, taxable sales in California increased almost 12 percent to reach more than $440 billion.[12] The region's taxable sales in 2000 were just below $200 billion, an increase of about $18 billion or 10 percent over

Figure 29

Taxable Sales – All Outlets

Current Dollars



Source: California State Board of Equalization

1999 (Figure 29). However, estimates for the first and second quarters (pre-September 11) in 2001 for the region's taxable sales indicated a significantly slower growth rate over the same period in 2000. *At the state level, preliminary estimates show a 1.2 percent decline in 2001 over the previous year, primarily due to reduced sales during the third and fourth quarters in 2001.*

With about $200 billion taxable sales, the region generated approximately $16 billion in tax revenue for state, counties, cities and special districts in 2000. Of the $200 billion taxable sales, about $130 billion were generated through retail stores, $60 billion through other outlets and $10 billion through business and personal services. Within the retail stores category, automobile related sales generated close to $40 billion, or 20 percent of the total in the region.

All six counties in the region experienced a healthy increase in 2000, with the Inland Empire Counties leading the growth. In addition, both Orange and Los Angeles Counties reached about a 10 percent annual increase for the first time in two decades (see Figure 29a page 96). Los Angeles County, with about 58 percent of the population, had only 54 percent of the region's total taxable sales. Orange County, which has only 17 percent of the population, had close to 23 percent of the region's taxable sales.

International Trade

Why is this important?

International trade includes export and import activities that create job opportunities and bring income into the region. Though exporting goods produced in Southern California generates higher net economic benefits for the region, imports could create economic benefits too. The region's role as a major transshipment center linking domestic and global markets is also of national and international significance.

How are we doing?

Southern California plays two dominant roles in international trade.[13] *First, it serves as a leading trade center exporting its own goods as well as importing goods for its use. Second, the region also serves as a global transshipment center for the domestic and global markets.* In particular, the region serves as the single largest transshipment center between the most active exporting region, East Asia, and the world's number one source of demand, the United States.[14]

Total trade through the Los Angeles Customs District (LACD) more than doubled between 1990 and 2001, from about $130 billion to almost $270 billion, accounting for about one-eighth of all U.S. international trade flows

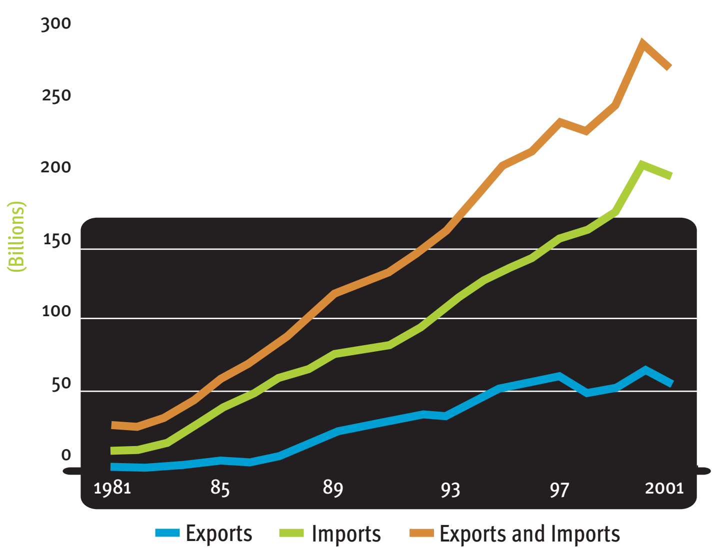
(Figure 30). Factors that contribute to the region's dominance in international trade include the region's diversified export-manufacturing base, geographic location with respect to Mexico and Pacific Rim countries, its multi-cultural communities and its first-class international trade infrastructure.

The LACD includes the Ports of Long Beach, Los Angeles and Hueneme, Los Angeles International Airport and McCarran Field. Of the $270 billion total trade, approximately 40 percent consists of exporting goods produced within the region and importing goods to meet the region's demand, for the region's role as a trade center. The remainder, approximately 60 percent, consists of transshipping goods via the region to its final destination, the role as a transshipment center.[15]

Figure 30

Exports and Imports – LA Customs District

Current Dollars

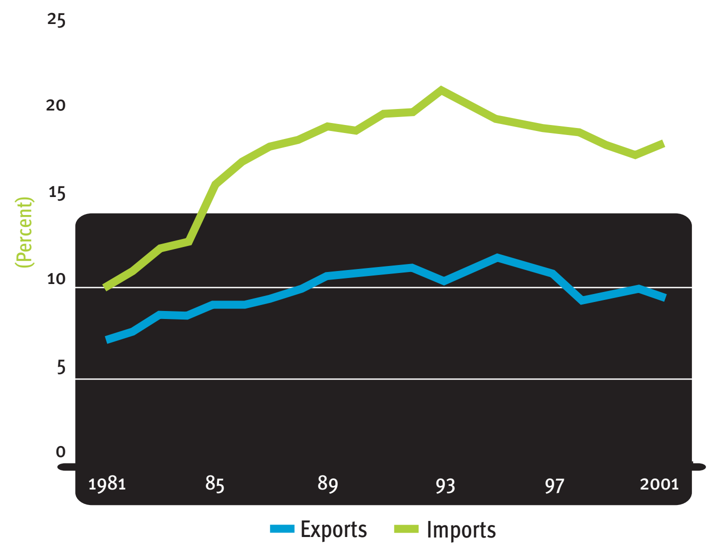


Source: US Census Bureau

Figure 31

Exports and Imports – LA Customs District

Percent of US



Source: US Census Bureau

In 2001, the LACD experienced a decline in the values of both its exports and imports (Figure 30). Exports fell by about $8 billion to just below $70 billion. Imports also declined for the first time in two decades by $6 billion to about $200 billion. Factors contributing to the decline in international trade activities included recessions in both the U.S. and Mexico and widespread economic weakness in Asia, Europe and Canada.

For a given amount of trade values, exports are far more important to the regional economy than imports, since they generate more jobs and income in the region. Nearly one out of every nine jobs in Southern California is generated through export-related activities, without including transshipment-related jobs.[16] Since 1995, the LACD's share of U.S. exports has generally been on a declining path (Figure 31). This is partly due to the increased number of manufacturing centers spread around the nation. The top five export sectors in the region consist of transportation equipment, industrial machinery and computers, electric and electronic equipment, scientific instruments and chemical products. The top five countries receiving exports from the region in 2001 included Japan, China, South Korea, Taiwan and Australia.[17]

Imports are a much larger component of Los Angeles' international trade than exports, accounting for almost three quarters of the total trade through LACD in 2001. Import transshipments are the largest single source of demand for direct international trade services. In 2001, the top five countries importing through the LACD were China, Japan, Taiwan, South Korea and Malaysia. The top import commodities through the LACD in 2001 were electronic machinery and motor vehicles.

Unemployed Persons per Square Mile by Census Tract

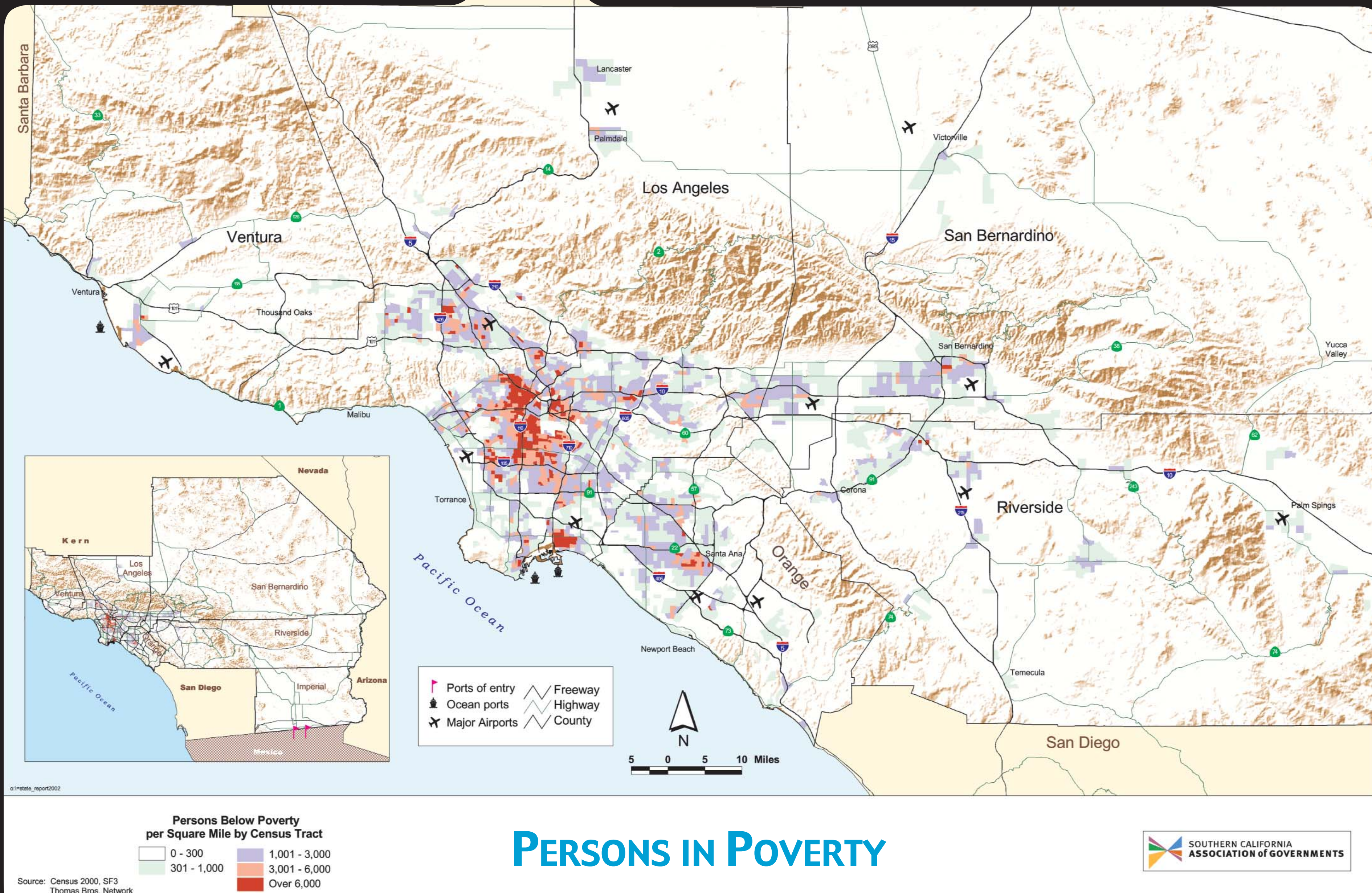
0 - 100	251 - 500
101 - 250	501 - 1,000
	Over 1,000

Source: Census 2000, SF3
Thomas Bros. Network

UNEMPLOYED PERSONS

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Map 4



PERSONS IN POVERTY

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Map 5

The $11 billion of expenditures on residential building provided a significant stabilization factor to the region

HOUSING

Housing Construction

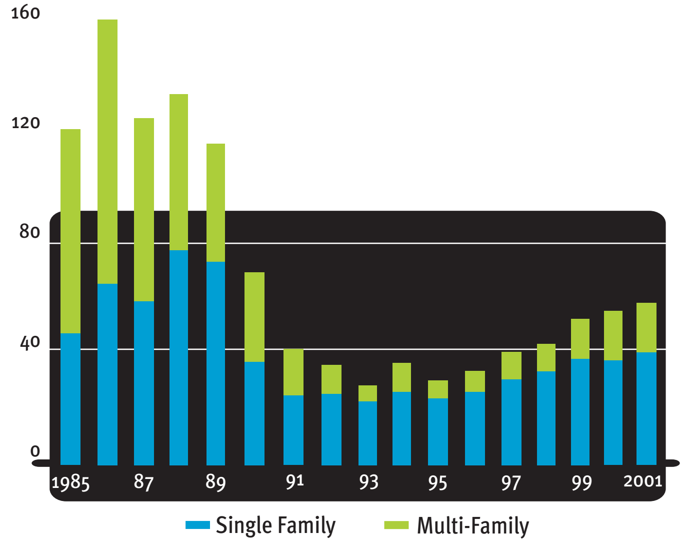
Why is this important?

The magnitude of housing construction, population growth and new households are major determinants of housing prices. Different geographical distributions of the new housing result in different needs for support infrastructures and services. The residential construction industry is also an important source of employment and corporate profits in the region.

How are we doing?

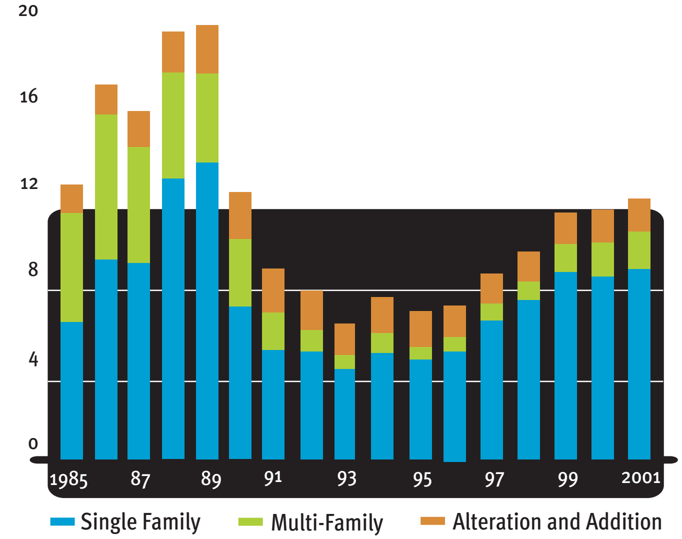
In 2001, almost 59,000 building permits for residential units were issued, an increase of approximately 2,500 over the previous year (Figure 32). *The value of residential building activity reached more than $11 billion in 2001* (Figure 33). *The increase of residential unit permits in 2001 occurred despite a slowing down of the overall economic activities in the region*. Furthermore, the $11 billion of expenditures on residential building provided a significant stabilization factor to the regional economy during this national recession year.

Figure 32
Residential Building Permit Activity
Units (000)



Source: Construction Industry Research Board

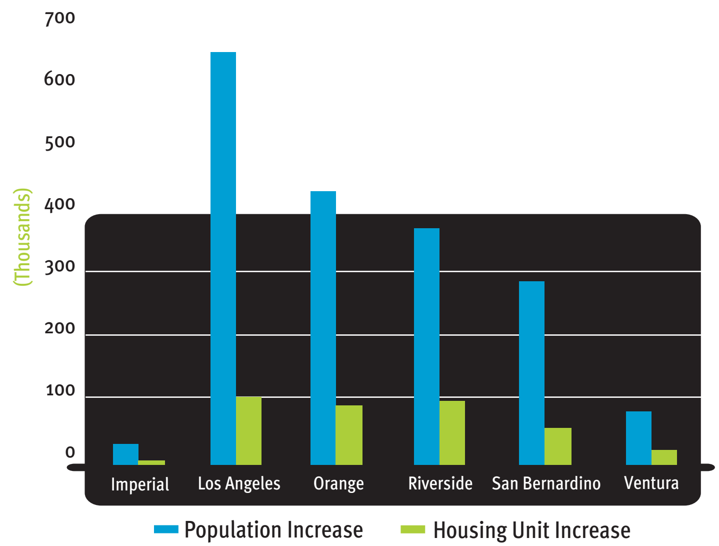
Figure 33
Residential Building Permit Activity
Valuations (Dollars in Billions)



Source: Construction Industry Research Board

Housing construction has been lagging behind population growth in the region. Between 1990 and 2000, there were an additional 600,000 residents in Los Angeles County, while just over 100,000 housing units were constructed in the county (Figure 34).

Figure 34
Population Increase vs. New Housing Units
1990-2000

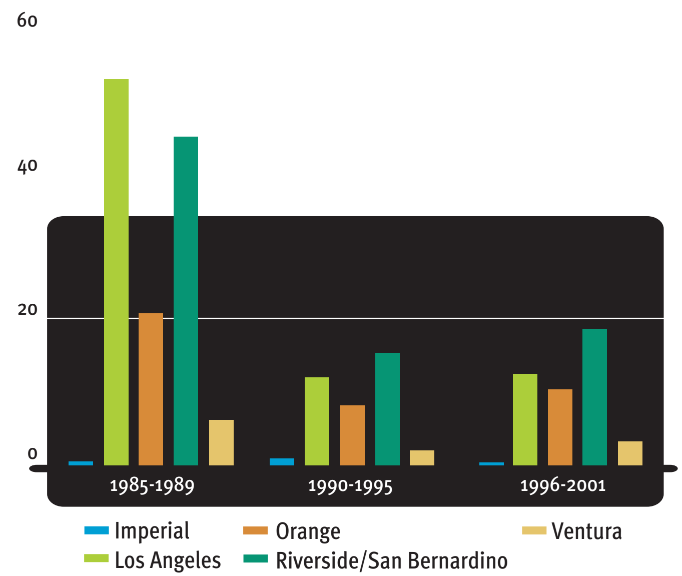


Source: US Census Bureau and Construction Industry Research Board

Since 1995, building permits for residential units have steadily increased and almost doubled. However, the 2001 total still remained about half of the 120,000-per-year units in the late 1980s. *During the past 15 years, in addition to the substantial reduction in total units, housing construction also underwent significant changes in composition as well as geographic location.* As to the composition of the building permit activity, the share of the multi-family units decreased from about 60 percent in 1985 to 20 percent in 1995. There has been a gradual increase in recent years in multi-family units, and these accounted for 30 percent of all residential building permits in 2001 (see Figure 34a page 96).

As to the location of housing construction, Riverside and San Bernardino Counties have been playing an ever-increasing role in housing production in the region. For example, between 1985 and 2001, the share of new residential units in the Inland Empire increased from 30 to 50 percent, while Los Angeles County's share decreased from 45 to 30 percent (Figure 35).

Figure 35
Residential Building Permit Activity by County
Annual Average (000)



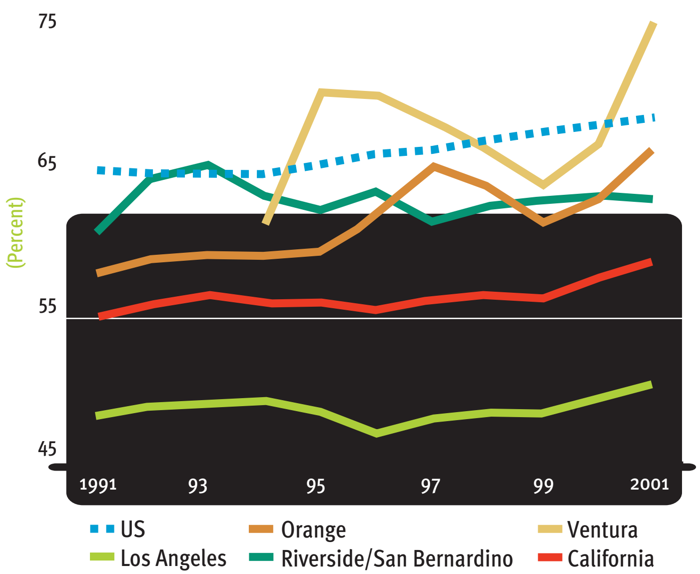
Source: Construction Industry Research Board

Homeownership

Why is this important?

Owning one's home has long been considered an important part of the American Dream. In addition, equity generated from homeownership represents almost 45 percent of the total household wealth.[1] Higher homeownership rates also help to improve neighborhood stability.

Figure 36
Homeownership Rates



Imperial County's homeownership rate was 58 percent in both 1990 and 2000
Source: US Census Bureau. Ventura County annual data started from 1994

How are we doing?

Between 1990 and 2000, the homeownership rate improved in almost every county in the region, particularly towards the end of the decade (Figure 36). Imperial County's homeownership rate was 58 percent in both 1990 and 2000. In 2001, the increase in homeownership rate throughout the region was due partly to the low mortgage interest rates.

Except for Ventura County, the region lagged behind the nation in homeownership. While nationally more than two-thirds of the households owned their homes in 2001, only half of the households in Los Angeles County were homeowners. In addition, throughout the 1990s, Los Angeles County was the only county in the region with a homeownership level lower than the state average.

When comparing homeownership in the nine largest metropolitan regions in the nation, the region's homeownership rate of 55 percent in 2000 ranked eighth, above only the New York Metropolitan Region (see Figure 76 page 78). It should be noted that the San Francisco Bay Area, though famous for its high housing prices, achieved a 58 percent homeownership rate, surpassing Southern California. The Detroit Metropolitan Region's homeownership rate of 72 percent was the highest in 2000. Factors constraining homeownership in the region include inadequate housing production of various housing types, particularly multi-family units, and an increase in housing prices that is faster than household income.

There was a significant disparity in homeownership among racial/ethnic groups. Homeownership is more common for Whites and Asians than for African Americans and Hispanics. Based on the statewide data, 41 percent of Hispanics and 30 percent of African Americans owned their homes in 2000, compared to 65 percent of Whites and 57 percent of Asians.[2]

Housing Affordability

Why is this important?

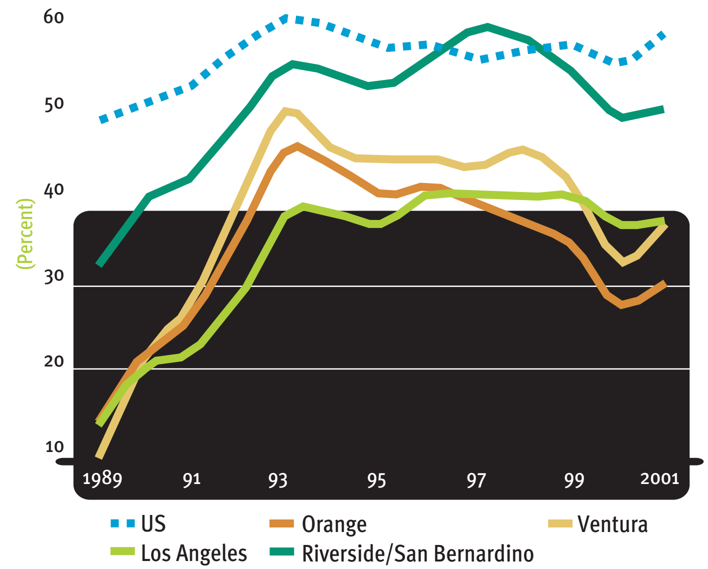
Housing affordability provides an indication of the level of burden from housing expenses. Housing expenses constitute the largest share of household expenditures among all consumption items. When a household spends too much on housing, there is not enough left to meet other household needs, such as transportation, healthcare or education. Housing affordability also affects decisions as to where to live. Hence, housing affordability is an indicator reflecting the fundamental well-being of households. In addition, it also influences business decisions to locate or expand in the region. Lack of affordable housing would result in a weakening our region's attractiveness and competitiveness.

How are we doing?

After the 1990-1993 recession, the gap of affordable housing available between the region (particularly the coastal counties) and the nation has been gradually widening (Figure 37). In 2001, partly as a result of lower interest rates, the percentage of households who can afford to purchase a median-priced home increased slightly throughout the region from the previous year. Nevertheless, almost two-thirds of the residents in coastal counties (Los Angeles, Orange and Ventura) could not afford a median-priced home in 2001.

In 2000, 37 percent of all household expenditures in the region were on housing alone, which is significantly higher than the national average of 32 percent.[3] *When comparing housing costs among owner-households in the nine largest metropolitan regions in the nation, the region had the highest rate (33 percent) of households with housing costs greater than 30 percent of the household income* (see Figure 77 page 79, also see Map 6 page 40 on owner-household cost burden). For renter-households, the cost burdens were even higher across the nine metropolitan regions than for owner-households. In this region, 43 percent of renter-households had housing costs greater than 30 percent of the household income, the highest rate in the nation (see Figure 78 page 79). There were no major variations among the six counties as to the housing cost burden for both owner and renter-households. Finally, in both measures, Southern California had a higher housing cost burden than either the New York Metropolitan Region or San Francisco Bay Area.

Figure 37
Housing Affordability
(Percent of Households Who Can Afford to Purchase a Median-Priced Home)



Source: California Association of Realtors

Housing affordability issues impact low-income households even more significantly. (Low-income households are those with 80 percent or less of the median household income in the county). Lack of lower-end multi-family housing construction and the decline of median household income further compound the problem of housing affordability for low-income households (see Figure 26 page 26). Over 60 percent of low-income households in Los Angeles, Orange, San Bernardino and Ventura Counties spend more than 30 percent of their income on housing. Except for Imperial County, more than 30 percent of low-income households in the region pay more than 50 percent of their income on housing.[4]

Housing Crowding

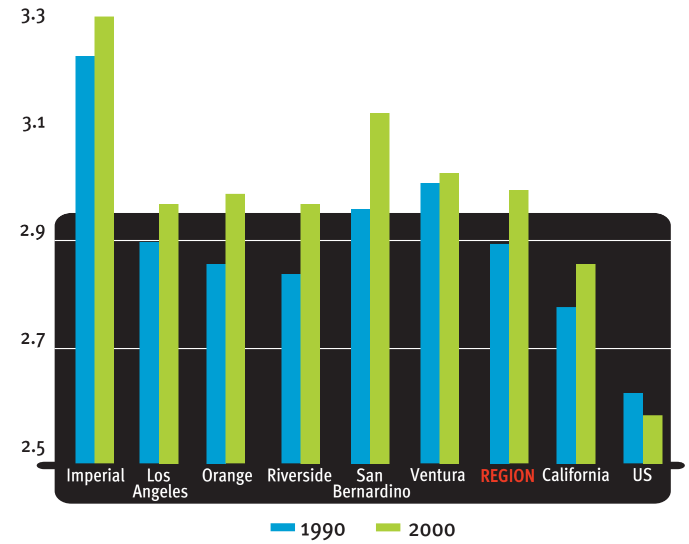
Why is this important?

■ ■ **Housing crowding measures the percent of housing units with more than one person per room, including all rooms except bathrooms. It provides indications on housing shortage and housing affordability. Lack of affordable housing will lead to higher levels of housing crowding.** ■ ■

How are we doing?

The housing shortage in the region has impacted the quality of life in some fundamental ways. Without an adequate amount of housing, population growth can be accommodated to a greater degree by increases in the number of persons per household (Figure 38). There is an important racial/ethnic dimension in the trend of more crowded housing in the region. Hispanics and Asians have substantially larger households than African Americans and Whites and are more likely to live in overcrowded housing. In addition, living in crowded housing is more common among foreign-born than U.S.-born residents.

Figure 38
Persons per Household



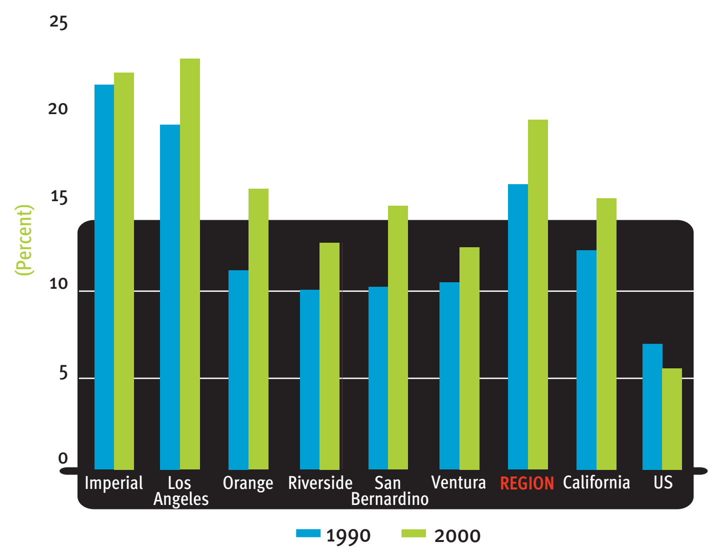
Source: 1990 and 2000 Census

A housing shortage has also been reflected in the decline of the vacancy rates. By 2000, California had the lowest percentage of unoccupied units (5.8 percent) among the 50 states in the nation. Within Southern California, three counties had even lower percentages of unoccupied units than the state: Los Angeles (4.2 percent), Orange (3.5 percent) and Ventura (3.4 percent).

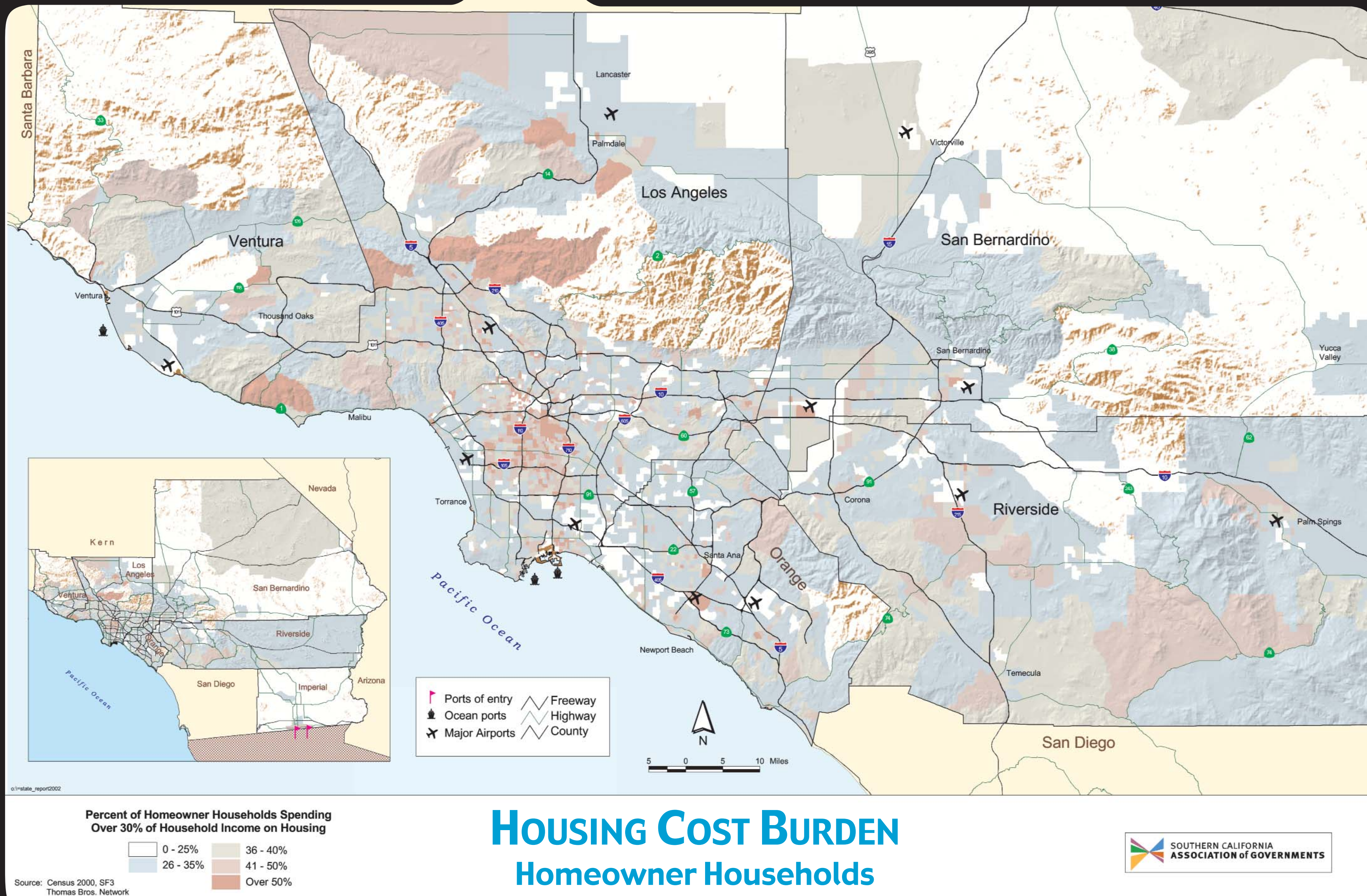
Contrary to the decreasing trend at the national level, the percentage of housing considered crowded increased in every county in the region from 1990 to 2000 (Figure 39). *Almost one out of every five households in the region lived in crowded housing in 2000, compared to about 15 percent for the state and 7 percent for the nation.* In 2000, Los Angeles County had the highest rate of housing considered crowded in the region, followed closely by Imperial County. There was also a substantial increase in the level of crowding in Orange and San Bernardino Counties during the 1990s. (See Map 7 page 41 on overcrowded housing in 2000.)

When comparing crowded housing among metropolitan regions, Southern California had by far the highest rates of crowded housing at 20 percent (see Figure 79 page 80). The San Francisco Bay Area had the second highest rate, 11 percent. Six of the nine largest metropolitan regions had less than 10 percent of their housing classified as crowded housing.

Figure 39
Crowded Housing
(Percent of Housing with More Than One Person per Room)



Source: 1990 and 2000 Census

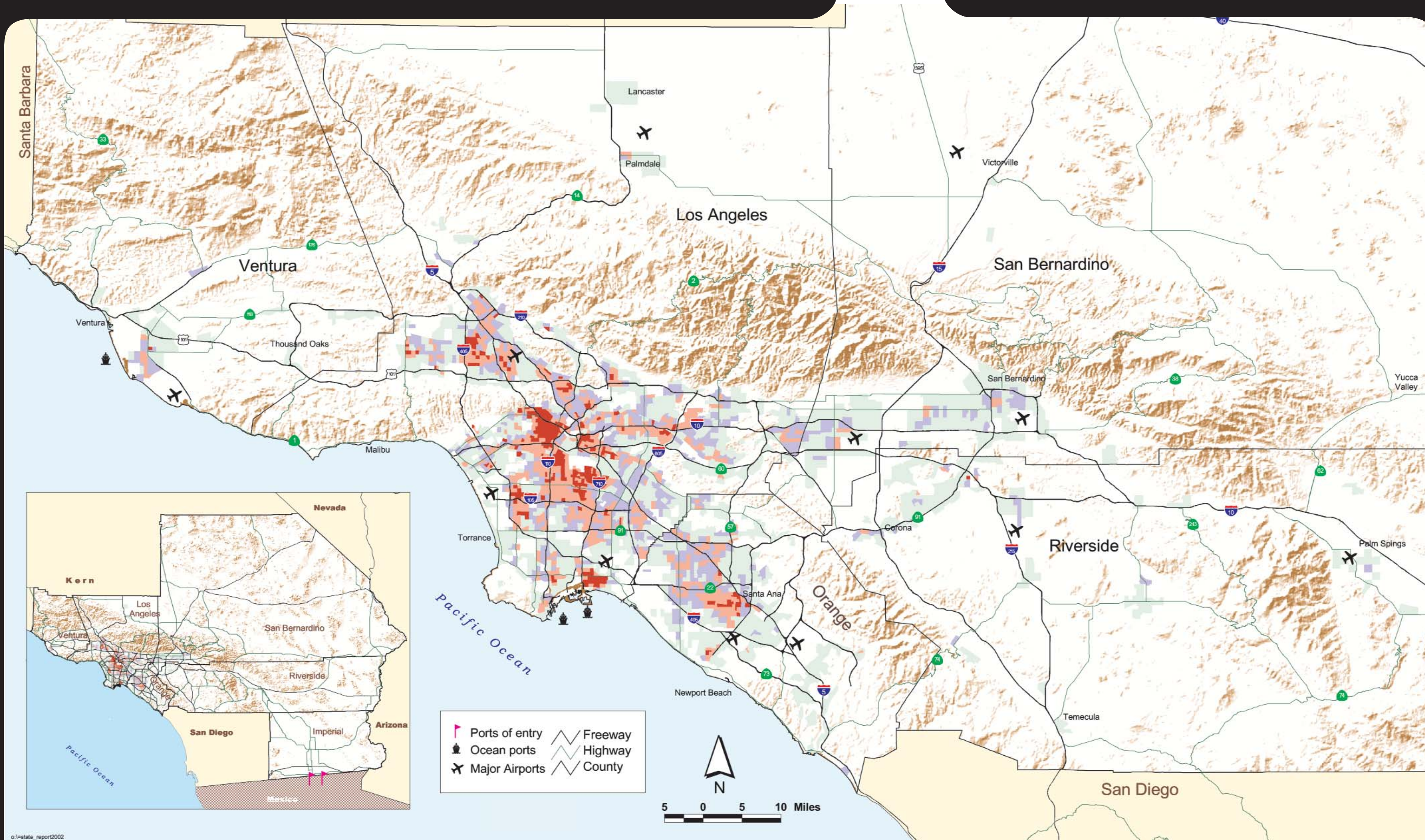


HOUSING COST BURDEN

Homeowner Households

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Map 6



Overcrowded Housing

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Map 7